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~~DENY~~THE SECRETARY OF STATE
WASHINGTON*RQ*

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MEMORANDUM FOR THE PRESIDENT

FROM: George P. Shultz
SUBJECT: Pinochet and the Letelier-Moffitt Murders:
Implications for US Policy

We are heading into an extremely difficult 12-18 month period with Chile. President Augusto Pinochet is determined to succeed himself as Président by whatever means will ensure success. He has ruled out the possibility of a free and open election and instead intends to proceed with a yes/no plebiscite involving a single candidate--himself. The consequences of his staying in office would be highly dangerous for Chile and the region as a whole; inevitably, it would lead to serious polarization of the Chilean population and a significant strengthening of the large (and growing, thanks to Pinochet,) Moscow-dependent communist party. As events develop over the coming months I would like to discuss the overall situation with you.

In the midst of this, I have been particularly struck by a recent report prepared by the CIA analyzing the events surrounding the assassination by car-bombing in Washington in 1976 of Orlando Letelier, a former Chilean Foreign Minister and Ronni Moffitt, an American citizen. The CIA concludes that its review provides "what we regard as convincing evidence that President Pinochet personally ordered his intelligence chief to carry out the murders." It also confirms that "Pinochet decided to stonewall on the US investigation to hide his involvement" and continues to do so, including by considering "even the elimination of his former intelligence chief."

We have long known that the Chilean secret police/intelligence service was behind this brutal act, perhaps the only clear case of state-supported terrorism that has occurred in Washington, D.C. In 1978, the Chilean Government handed over to us one of the responsible people, a dual US-Chilean national. Then, earlier this year, we persuaded another of the indictees, Chilean Major Armando Fernandez, to come to Washington and give himself up, in spite of the Chilean Government's prolonged attempts to prevent him from doing so.

Fernandez provided strong corroborative information concerning the roles of the two previously indicted senior Chilean Army officials who planned the murders (the former head

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of their secret police and his chief of operations) and significant new information on President Augusto Pinochet's role in organizing a cover-up. Fernandez' revelations have had a significant political impact within Chile and the CIA concludes that Pinochet will be "unable to satisfy the military's concern that Pinochet take effective steps to repair the damage already done to the armed forces' reputation."

While some in the USG had previously believed that Pinochet had ordered the murders, and there were strong signs that he was involved in the cover-up, the CIA has never before drawn and presented its conclusion that such strong evidence exists of his leadership role in this act of terrorism.

It is not clear whether we can or would want to consider indicting Pinochet, even if we had more public sources of evidence. Nevertheless, this is a blatant example of a chief of state's direct involvement in an act of state terrorism, one that is particularly disturbing both because it occurred in our capital and since his government is generally considered to be friendly.

I believe that by their very nature the CIA's conclusions and our own judgments as to Pinochet's direct involvement must affect both our overall policy towards Chile and the general conceptual framework of how we make decisions regarding that country. What we now know about Pinochet's role in these assassinations is of the greatest seriousness and adds further impetus to the need to work toward complete democratization of Chile. I look forward to discussing this further with you.

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DRAFTER:ARA:RSGelbard *mg*
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